




State of Louisiana  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF MINERAL RESOURCES  
STATE MINERAL AND ENERGY BOARD

TO: State Mineral Board Members

FROM: Rachel Newman, CPA   
Audit Director  
Mineral Income Division

DATE: October 10, 2012

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, October 10, 2012, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the agenda are as follows:

1. A recoupment request from Contango Operators, Inc. for an overpayment in the amount of \$512,993.89. The state lease numbers involved are 18860, 19155, 19261, 19266, 18640, 19269, and 19397. For the sales month of August 2011, Contango Operators, Inc. paid oil royalties twice, the first was an estimate and the second was based upon actual volumes sold.
2. A recoupment request from Harvest Group, LLC for an overpayment in the amount of \$95,033.80. The state lease number involved is 16823. For the sales month of March 2012, Harvest Group, LLC paid oil royalties based on incorrect volumes and values on an incorrect LUW number.
3. A recoupment request from Harvest Oil & Gas, LLC for an overpayment in the amount of \$47,743.41. The state lease number involved is 00195. For the sales month of March 2011, Harvest Oil & Gas, LLC paid oil royalties based on incorrect volumes and values for an incorrect LUW number.
4. A penalty waiver request from Energy XXI COM, LLC for a penalty in the amount of \$101,361.11 which was billed for the late payment of royalty. Energy XXI GOM, LLC paid the state a total of \$661,011.13 in late royalty for the disposition dates of December 2010 through January 2012. The payment was received on March 26, 2012. This billing was not

related to a field audit. Royalty was outstanding for less than three (3) years. Energy XXI GOM, LLC paid \$21,132.03 in interest charges on July 24, 2012.

5. A penalty waiver request from Swift Energy Operating, LLC for a penalty in the amount of \$254,685.33 which was billed for late payment of royalty. Swift Energy Operating, LLC paid the state a total of \$778,798.03 in late royalty for the disposition dates of January 2005 through December 2006. The payment was received on June 6, 2011. This payment was not related to a field audit. Swift Energy Operating, LLC was billed and paid \$296,611.80 in interest charges on June 28, 2011.
6. Staff report to the committee that the election for October 2012 gas royalty is to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

The Committee may discuss matters it desires pursuant to R.S. 42:7(A)(1)(b)(ii) as well as Executive Session matters pursuant to R.S. 42:6.1(A)(2) and R.S. 42:6.1(A)(6).